

SENATE AMENDMENTS

2nd Printing

By: Murphy, Leach, Longoria, Toth

H.B. No. 440

A BILL TO BE ENTITLED

AN ACT

relating to general obligation bonds issued by political subdivisions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter E, Chapter 45, Education Code, is amended by adding Section 45.1105 to read as follows:

Sec. 45.1105. USE OF UNSPENT GENERAL OBLIGATION BOND PROCEEDS. (a) A school district may use the unspent proceeds of issued general obligation bonds only:

(1) for the specific purposes for which the bonds were authorized;

(2) to retire the bonds; or

(3) for a purpose other than the specific purposes for which the bonds were authorized if:

(A) the specific purposes are accomplished or abandoned; and

(B) the board of trustees at a public meeting held only for the purpose of considering the use of the unspent bond proceeds approves in separate votes the use of the proceeds for:

(i) a purpose other than to retire the bonds; and

(ii) the purpose specified at the time the vote is taken.

(b) In addition to other requirements of law, notice of a

1 public meeting held under this section must include a statement
2 that the board of trustees will consider the use of unspent bond
3 proceeds for a purpose other than the specific purposes for which
4 the bonds were authorized.

5 (c) A public meeting held under this section must provide
6 the public an opportunity to address the board of trustees on the
7 question of using the unspent bond proceeds for a purpose other than
8 the specific purposes for which the bonds were authorized.

9 SECTION 2. Section 4.003(f), Election Code, is amended to
10 read as follows:

11 (f) A debt obligation election order required under Section
12 3.009 shall be posted:

13 (1) on election day and during early voting by
14 personal appearance, in a prominent location at each polling place;

15 (2) not later than the 21st day before the election, in
16 three public places in the boundaries of the political subdivision
17 holding the election; and

18 (3) during the 21 days before the election, on the
19 political subdivision's Internet website, prominently and together
20 with the notice of the election, ~~and~~ the contents of the
21 proposition, and any sample ballot prepared for the election, if
22 the political subdivision maintains an Internet website.

23 SECTION 3. Subtitle C, Title 9, Government Code, is amended
24 by adding Chapter 1253 to read as follows:

25 CHAPTER 1253. GENERAL OBLIGATION BONDS ISSUED BY POLITICAL
26 SUBDIVISIONS

27 Sec. 1253.001. DEFINITION. In this chapter, "political

1 subdivision" means a county, municipality, school district, junior
2 college district, other special district, or other subdivision of
3 state government.

4 Sec. 1253.002. LIMITATION ON AUTHORITY TO ISSUE GENERAL
5 OBLIGATION BONDS. (a) In this section, "personal property" has the
6 meaning assigned by Section 1.04, Tax Code.

7 (b) Notwithstanding any other provision of law, a political
8 subdivision may not issue general obligation bonds to purchase,
9 improve, or construct an improvement to real property or to
10 purchase personal property if the weighted average maturity of the
11 issue of bonds to finance the improvement or personal property
12 exceeds 120 percent of the reasonably expected weighted average
13 economic life of the improvement or personal property financed with
14 the issue of bonds.

15 Sec. 1253.003. USE OF UNSPENT GENERAL OBLIGATION BOND
16 PROCEEDS. (a) A political subdivision other than a school district
17 may use the unspent proceeds of issued general obligation bonds
18 only:

19 (1) for the specific purposes for which the bonds were
20 authorized;

21 (2) to retire the bonds; or

22 (3) for a purpose other than the specific purposes for
23 which the bonds were authorized if:

24 (A) the specific purposes are accomplished or
25 abandoned; and

26 (B) a majority of the votes cast in an election
27 held in the political subdivision approve the use of the proceeds

1 for the proposed purpose.

2 (b) The election order and the notice of election for an
3 election described by Subsection (a)(3)(B) must state the proposed
4 purpose for which the bond proceeds are to be used.

5 (c) A political subdivision must hold an election described
6 by Subsection (a)(3)(B) in the same manner as an election to issue
7 bonds in the political subdivision.

8 SECTION 4. Chapter 1332, Government Code, is repealed.

9 SECTION 5. Section 1253.002, Government Code, as added by
10 this Act, applies only to a general obligation bond authorized to be
11 issued at an election held on or after the effective date of this
12 Act.

13 SECTION 6. This Act takes effect September 1, 2019.

ADOPTED

VJ
MAY 14 2019

Atay Spaul
Secretary of the Senate

Eric Lucio, Jr.
BY: _____

FLOOR AMENDMENT NO. _____

1 Amend H.B. No. 440 (senate committee printing) in SECTION 3
2 of the bill by striking added Section 1253.002(b), Government Code
3 (page 2, lines 10-17), and substituting the following:

4 (b) Notwithstanding any other provision of law, a political
5 subdivision may not issue general obligation bonds to purchase,
6 improve, or construct one or more improvements to real property, to
7 purchase one or more items of personal property, or to do both, if
8 the weighted average maturity of the issue of bonds exceeds 120
9 percent of the reasonably expected weighted average economic life
10 of the improvements and personal property financed with the issue
11 of bonds.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 15, 2019

TO: Honorable Dennis Bonnen, Speaker of the House, House of Representatives

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB440** by Murphy (Relating to general obligation bonds issued by political subdivisions.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to place certain restrictions on the issuance of general obligation debt by political subdivisions and would authorize the Secretary of State to adopt a form for this purpose. Based on the analysis of the Secretary of State and the Bond Review Board, it is assumed that the provisions of the bill relating to debt issuance could be absorbed using existing state resources.

Local Government Impact

According to the Texas Association of Counties, no significant fiscal implication to units of local government is anticipated.

Source Agencies: 307 Secretary of State, 352 Bond Review Board, 701 Texas Education Agency

LBB Staff: WP, KK, CMa, NV, JMO, LLo, AF

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 23, 2019

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Property Tax

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB440 by Murphy (Relating to general obligation bonds issued by political subdivisions.), **As Engrossed**

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LBB Staff: WP, KK, CMa, NV, JMO, LLo, AF

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 14, 2019

TO: Honorable Jim Murphy, Chair, House Committee on Pensions, Investments & Financial Services

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB440 by Murphy (relating to general obligation bonds issued by political subdivisions.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

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LBB Staff: WP, CMa, NV, JMO, LLo, AF

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 4, 2019

TO: Honorable Jim Murphy, Chair, House Committee on Pensions, Investments & Financial Services

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB440 by Murphy (Relating to general obligation bonds issued by political subdivisions.), **As Introduced**

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